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OPERATING AGREEMENT

AGREEMENT made the *26<sup>th</sup>* day of *June*, 1986.

BETWEEN: CANADA MORTGAGE AND HOUSING CORPORATION  
hereinafter referred to as "CMHC"

OF THE FIRST PART

- and - THE MINISTER OF HOUSING OF THE PROVINCE OF  
NOVA SCOTIA ON BEHALF OF HER MAJESTY THE QUEEN  
IN RIGHT OF THE PROVINCE, PURSUANT TO THE  
HOUSING ACT, S.N.S. 1983, c. 6  
hereinafter referred to as the "Minister"

OF THE SECOND PART

WHEREAS the Government of Canada ("Canada") and the  
Government of Nova Scotia ("Nova Scotia") have entered into a  
Global Agreement on Social Housing ("the Global Agreement")  
dated the 28th day of February 1986 enabling the parties thereto  
to share the cost of any social housing programs or initiatives  
which they wish to foster jointly;

AND WHEREAS Canada and Nova Scotia have agreed in the Global  
Agreement to cause this Operating Agreement to be entered into  
for the purpose of carrying into effect in a co-operative manner  
the principles of the Global Agreement;

AND WHEREAS the Global Agreement applies to programs  
delivered through housing agencies defined in this Agreement;

AND WHEREAS CMHC is the housing agency of the Government of  
Canada.



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NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the mutual covenants hereinafter contained, agree each with the other as follows:

1. DEFINITIONS

- (a) The definitions contained in the Global Agreement shall apply to this Agreement.
- (b) "Act" means the National Housing Act.
- (c) "Active Party" means the party responsible for the delivery and administration of a program.
- (d) "Adjusted Income" means adjusted household income as described for each program in Schedule A.
- (e) "Administration" means all activity associated with a given program after a project's Interest Adjustment Date or commencement of subsidy assistance, including loan, project and agreement administration.
- (f) "Affordable dwelling" for purposes of determining Core Housing Need means a dwelling for which basic shelter costs are less than 30% of a household's income, as defined in 1(s).
- (g) "Average market rent" means average basic shelter costs in a specific geographic area for unsubsidized, non-farm, rental dwellings where rent is reported as greater than zero and where no rent is attributable to commercial space.
- (h) "Basic shelter costs" for homeowners for purposes of determining Core Housing Need means the following costs



associated with a household's principal residence:

- mortgage payment of principal;
- mortgage payment of interest;
- property taxes;
- payments for oil, gas, coal, wood or other fuels;
- payments for electricity;
- payments for water, sewerage and related costs;
- payments for regular maintenance and repair.

"Basic shelter costs" for renter households for purposes of determining Core Housing Need means the following costs associated with a household's principal residence:

- rent;
- payments for oil, gas, coal, wood or other fuels, electricity, water, sewerage and related costs.

- (i) "Budgetary Expenditures" means transactions which affect the deficit or surplus of the Governments of Canada or Nova Scotia including subsidy assistance, net operating losses, loan forgiveness or recovery of non-budgetary expenditures and administrative expenditures.
- (j) "Commitment" means a written undertaking to finance or subsidize a specifically identified unit or project and to incur budgetary or non-budgetary expenditures related thereto.
- (k) "Cost-Sharing" means the sharing between Canada and Nova Scotia of the eligible program costs covered by this Agreement according to the terms, conditions, frequency of payments and method or methods of calculation as set out in this Agreement and in Schedule A.

- (l) "Crowded dwelling" means a dwelling with more than one person per room with the exception of bathrooms, halls, pantries and closets, and any rooms used for business purposes; all rooms in the dwelling considered separate by the household are counted.
- (m) "Delivery" means all activity associated with a given program prior to a project's Interest Adjustment Date or commencement of subsidy assistance. This includes direct dealings with clients or the overseeing of a sponsor or delivery agent who deals directly with the client.
- (n) "Federal Assistance" means a contribution, grant, subsidy, interest free or interest reduced loan or forgivable loan made by CMHC for the purposes of this Agreement.
- (o) "Financing Interest" means the interest charges on net disbursements made by the Active Party on behalf of the other party.
- (p) "Global Agreement" means the enabling document referred to in the recitals above and signed by Canada and Nova Scotia on the 28th day of February, 1986.
- (q) "Housing Agency" means CMHC, DOH, or any municipality, non-profit corporation or Native organization with whom CMHC or DOH may enter into agreements to carry out any program or initiative covered by the Global Agreement and this Agreement.
- (r) "Inadequate dwelling" means a dwelling needing major repairs or lacking basic facilities. Major repairs include, but are not limited to, defective plumbing,



defective electrical wiring, structural repairs to walls, floors, ceilings. Basic facilities are hot and cold running water, an indoor toilet and a bathtub or shower.

- (s) "Income", for purposes of determining Core Housing Need, means total income (before tax) from all sources, for all persons in the household 15 years of age and over as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.
- (t) "Native" means Metis, non-status Indian, Indian as defined in the Indian Act, or Inuit.
- (u) "Non-Budgetary Expenditures" means transactions which will be reflected in the accounts of Canada or Nova Scotia as an increase or decrease of assets and which will not increase or decrease their surplus or deficit. This includes loans or investments.
- (v) "Planning and Monitoring Committee" means the committee cited in the Global Agreement and described in section 6 of this Agreement.
- (w) "Priority Groups" means all those households in Core Housing Need, as defined in the Global Agreement.
- (x) "Provincial Assistance" means a contribution, grant, subsidy, interest free or interest reduced loan or forgivable loan made by Nova Scotia or its municipalities for the purposes of this Agreement.
- (y) "Renovation" means any work undertaken on an existing dwelling, including repair, rehabilitation, improvement or conversion of the dwelling.

- (z) "Rural" means rural areas or communities having a population of 2500 persons or less, unless otherwise specified in Schedule A.
- (aa) "Special purpose housing" means hostel or self-contained housing, used as a principal residence, which includes on-site care services and facilities, excluding food, related to residents' common physical, social and emotional condition or disability.
- (bb) "Suitable dwelling" for purposes of determining Core Housing Need, means a dwelling which can accommodate a household according to the following household size/dwelling size relationship: 1 person - studio; 2 people - 1 bedroom; 3-4 people - 2 bedrooms; 5 or more people - 3 or more bedrooms.
- (cc) "Urban" means communities having a population of more than 2500 persons, unless otherwise specified in Schedule A.
- (dd) The definitions contained in the Act shall apply to this Agreement.

## 2. SCOPE OF THE OPERATING AGREEMENT

- (a) The recitals herein shall form an integral part of this Agreement.
- (b) This Agreement applies to the acquisition, development, construction, renovation and provision of projects; assistance for households; and to the delivery and administration of programs covered herein.
- (c) This Agreement applies to all new commitments made under the following programs and any future programs of



CMHC and the Minister which are consistent with the goals and objectives of the Global Agreement and are agreed to between the parties:

- Non-Profit Housing Program - Public and Private
- Rent Supplement Program

Under the public component of the Non-Profit Housing Program, the federal government does not provide capital financing as was the case under the Section 40 Public Housing Program, but within the regulations and authorities governing Section 56.1, the public component of the Non-Profit Housing Program provides the same benefits to program clients.

- (d) The Global Agreement enables either party to initiate or develop new programs which may be cost-shared by them with the approval of the other party. Whenever Canada or Nova Scotia decide to initiate a new program which is to be cost-shared they shall provide a description of such program to be included as part of Schedule A to this Agreement. This Schedule shall be duly reviewed and, once approved, signed by the Minister and CMHC and will include further details such as administrative and financial arrangements, and other program details which are necessary.

### 3. FEDERAL RESPONSIBILITIES

- (a) Within the limits of approved budgets CMHC agrees:
  - i) to insure loans made by approved lenders for capital financing for housing projects under Part I of the Act;

- ii) to make loans under Section 37.1 of the Act for proposal development funding;
  - iii) to make contributions pursuant to Section 56.1 of the Act to eligible contribution recipients to enable them to meet the costs of rental accommodation and reduce the rentals thereof.
- (b) All loans, contributions and other assistance referred to in subsection (a) shall be subject to the provisions of the Act, this Agreement and of the Global Agreement.

4. CONDITIONS FOR PROVINCIAL DELIVERY AND ADMINISTRATION

- (a) The Minister may assume responsibility for the delivery and administration of any program covered by this Agreement, subject to the fulfillment of the following conditions for such programs which it delivers and administers. It is understood that the Minister shall assume responsibility for on-going program administration for any program which it delivers.
- i) The Parties shall share the eligible program costs, as set out in Schedule A, for such programs which are covered by this Agreement.
  - ii) The Minister shall direct assistance under such programs to eligible clients for each program as specified in Schedule A. Over any three-year period the Minister may direct no more than an average of 10 percent of Nova Scotia's total allocation for the Non-Profit Housing, Rural and Native Housing Homeownership and Rental, Urban Native Non-Profit Housing and Rent Supplement Programs to special purpose housing.



- iii) The Minister shall deliver and administer such programs in accordance with the Act, the Regulations thereunder, the provisions of Schedule A and mutually agreed upon guidelines for each program.
  - iv) The Minister shall participate in a joint planning process with CMHC, and shall provide on a timely basis all information outlined in this Agreement and Schedules A and C to ensure program objectives and accountability of both the federal and provincial governments, including financial requirements, are met.
  - v) The Minister shall ensure access to delivery of such programs by sponsors, delivery groups or agents specified in Schedule A for each program.
- (b) The above does not preclude, with the agreement of both parties, delivery and administration of programs by CMHC where those programs are cost-shared by the Minister.

## 5. RESPONSIBILITIES OF THE ACTIVE PARTY

- (a) The Active Party agrees:
  - i) to establish and implement program procedures, and to deliver and administer programs in an efficient and effective manner;
  - ii) to undertake, inter alia, the assessment of project feasibility, project selection, project development, inspection, certification of project commitment, client selection, development of

occupancy guidelines, verification of occupant incomes, approval of project annual operating budgets, calculation of eligible project costs, and loan, subsidy and project administration.

- (b) The Active Party shall be responsible for ensuring the program objectives and guidelines are met, consistent with the conditions covered in Section 4 of this Agreement.

6. PLANNING AND MONITORING COMMITTEE

- (a) In the spirit of a co-operative working relationship, CMHC and the Minister shall establish a Planning and Monitoring Committee which they shall chair jointly.
- (b) CMHC's co-chairperson shall be the Provincial Director for Nova Scotia and the Minister's co-chairperson shall be the Deputy Minister of Housing.
- (c) The Committee shall meet no less than four times annually and shall meet at the call of either co-chairperson.
- (d) The mandate of the Planning and Monitoring Committee shall be to conduct the joint planning process described in Section 7 and to monitor the implementation and achievements of the three-year plan.
- (e) The functions and responsibilities of the Planning and Monitoring Committee shall include:
  - i) reviewing the three-year plan prepared by the Minister for those programs where the Minister is the Active Party, in accordance with the provisions of Section 7;



- ii) reviewing the three-year plan prepared by CMHC for those programs where CMHC is the Active Party, in accordance with the provisions of Section 7;
- iii) proposing revisions to the consolidated three-year plan;
- iv) reviewing on a regular basis the progress during the year of the implementation of the plan, including budgetary and non-budgetary expenditures and their related cash flows;
- v) undertaking a thorough annual analysis of the achievement of the objectives set out in this Agreement and put into effect through the three-year plan;
- vi) reviewing and following-up on operational audit plans and recommendations;
- vii) proposing modifications to the programs covered by this Agreement, and to program guidelines including adjustments to market rents and Maximum Unit Prices;
- viii) monitoring conformity with the provisions for publicity and information outlined in Section 17 of this Agreement;
- ix) providing a forum for the sharing of information resulting from research, studies, surveys and other activities;
- x) monitoring compliance with the Global Agreement and this Agreement, including the identification

of contentious issues or failure to comply with the terms and conditions of both Agreements;

- xi) such other functions and responsibilities as the parties may mutually agree upon.

## 7. JOINT PLANNING PROCESS

(a) The Minister and CMHC shall undertake a joint planning process for the purpose of developing an ongoing three-year plan which identifies the most cost-effective and appropriate social housing strategy to meet the objectives of the Global Agreement and the Schedules to this Agreement.

(b) The Planning and Monitoring Committee shall undertake the following functions:

- i) the exchange of data, research, survey results and any other information relevant to the determination of social housing needs and market conditions;

- ii) the recommendation by the geographic areas listed below, of the need by priority groups for new or acquired housing, rent supplement assistance and renovation assistance and of the need for special purpose accommodation, and the development of the most appropriate strategy to address those needs:

- The counties of Inverness, Richmond, Cape Breton and Victoria.
- The counties of Colchester, Cumberland, Pictou, Guysborough and Antigonish.
- The counties of Annapolis, Kings and Hants.



- The counties of Shelburne, Yarmouth, Digby, Queens and Lunenburg.
  - The county of Halifax, including Halifax CMA.
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- iii) the recommendation of a proposed level of annual activity over the three-year period, in each geographic area, for each program covered by this Agreement, taking into account the identified needs, the activities in prior years of the plan, social housing programs of either party not covered by this Agreement, and factors affecting delivery capability;
  - iv) for the Native component of Rural and Native Housing Programs, the functions identified in (i) to (iii) above shall be undertaken by the RNH Tripartite Management Committee and the results incorporated into the proposed three-year plan;
  - v) the forecasting of annual budgetary and non-budgetary requirements over the three-year period, for each program covered by this Agreement in a manner acceptable to the parties as outlined in Schedule A;
  - vi) the review of a proposed consolidated three-year plan covering each year of the planning period.
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- (c) Members of the Planning and Monitoring Committee shall submit the proposed consolidated three-year plan to their respective agencies for required approvals.
  - (d) CMHC and the Minister, respectively, shall seek the necessary budgetary authorities on the basis of the approved three-year plan, and shall communicate receipt of authorized annual budget levels to the other party.

- (e) The approved three-year plan and annual budget authorities shall be appended to this agreement as Schedule B and shall be updated annually.
- (f) Members of the Planning and Monitoring Committee shall submit to their respective agencies for required approvals, any proposed major changes affecting allocations to client groups and geographic areas or any proposed increases to approved budgetary or non-budgetary requirements identified in the approved three-year plan. Changes to allocations among programs are subject to the provisions of Section 12 of this Agreement.
- (g) The joint planning process shall be undertaken in accordance with the calendar contained in Schedule C.

8. INFORMATION REQUIREMENTS

- (a) The Active Party shall collect and make available to the other party all information, including financial requirements, necessary for the parties in a co-operative fashion to ensure program objectives and accountability requirements of both parties are met. This information will be provided at specified intervals, as agreed by the parties, during the planning, delivery, commitment and post-commitment stages and for the duration of federal and provincial financial assistance to a project.
- (b) The Active Party agrees to provide, from time to time, to the other party such additional information needed to enable both parties to be accountable for actions taken under the programs.



- (c) The information requirements specific to individual programs are outlined in Schedule A.

## 9. EVALUATION

- (a) The parties may undertake, where possible, joint program evaluations, in accordance with the provisions of Subsection 4.5 of the Global Agreement.
- (b) Evaluations shall be undertaken for each program covered by this Agreement, on a cyclical basis at three to five year intervals.
- (c) Program evaluations shall be undertaken to determine the continued need for programs, their effectiveness in meeting objectives, their results and impacts and alternative program design and delivery features.
- (d) Program evaluations shall be based on information available on an on-going basis, as outlined in Schedule A, as well as periodic surveys, research studies and other sources of data and analysis. Any such studies, when undertaken for joint evaluations, shall be cost-shared by the parties. Where evaluations are undertaken by one party individually, the parties shall cooperate fully with each other in collecting and sharing information.
- (e) In order to identify information requirements for program evaluations, the parties agree to develop plans for future evaluations, within six months of the signing of this Agreement.
- (f) Program evaluations undertaken jointly shall be done in accordance with the governing authorities of the parties' respective governments.

10. OPERATIONAL AUDITS

- (a) The parties shall undertake joint operational audits in accordance with the provisions of Sub-section 4.6 of the Global Agreement to determine whether the programs are being delivered and administered in accordance with the Global and Operating Agreements and the related guidelines.
- (b) Operational audit is an audit undertaken to assess the adequacy of management controls and processes; the propriety of transactions; the economy, efficiency and administrative effectiveness of delivery and administration systems; and the compliance by the Active Party to the terms and conditions of the agreements and program guidelines.
- (c) Operational audits shall be undertaken for each program covered by this Agreement on a cyclical basis within a four-year period.
- (d) The scope, timing, resources and cost-sharing arrangements required for operational audits shall be mutually agreed upon.
- (e) The operational audits shall not duplicate other audits performed.
- (f) The parties agree to develop plans for the first cycle of operational audits within six months of the signing of this Agreement.



11. ALLOCATION

- (a) The allocation process shall be as outlined in Section 5.3 and Schedule 1 of the Global Agreement.
- (b) Over any three-year period no more than an average of ten percent (10%) of Nova Scotia's total allocation for the Non-Profit Housing, the Rural and Native Housing Homeownership and Rental, the Urban Native Non-Profit Housing and Rent Supplement Programs may be used for special purpose housing.
- (c) The remaining social housing allocation shall be distributed among the programs covered by this Agreement as specified in the approved three-year plan.
- (d) Taking into account those aspects of the planning process listed in clause 7(b)(iii), the Active Party shall assist families and senior citizens within the priority groups with the intent to direct this assistance in accordance with their share of Core Housing Need relative to each other.
- (e) Within the core housing need income limits, the number of units directed to households at the upper income levels shall not exceed their proportionate share of need.

12. REDISTRIBUTION OF FUNDS AND UNITS

Redistribution of funds or units among programs, but not between budgetary and non-budgetary allocations, may be made, subject to the following conditions:

- (a) The redistribution shall be permitted only with respect to the funds or units planned for year one of the three year plan as set out in Schedule B of this Agreement and consistent with the financial authorities of each party.
- (b) The Active Party may redistribute up to 10 percent of the allocation for those programs which it delivers and administers.
- (c) The Active Party shall notify the other party of all redistribution. Any redistribution which exceeds the limits specified must receive the prior approval of both parties.
- (d) CMHC shall take steps to review the existing controls over redistribution with the intent of providing increased flexibility.

13. INSURED LOANS

- (a) This section applies to the Non-Profit Housing Program for which financing is provided by approved lenders and insured by CMHC under Part I of the Act.
- (b) The Minister shall be responsible, on behalf of CMHC, for the underwriting process for insuring loans provided by approved lenders, including site and plans examination, appraisal, cost estimates, determination of loan amount, and approval of financing terms and conditions.
- (c) The Minister shall prepare a commitment letter to the lender for approval by CMHC. Where the commitment letter has been approved, CMHC shall issue to the

lender an undertaking to insure, upon receipt from the Minister of a notice of commitment and submission by the approved lender of the required underwriting documentation.

- (d) Where the Minister is the Active Party, the Minister is responsible for authorizing all advances and undertaking inspections to ensure compliance with the plans and specifications and applicable building standards, and to determine the value of the work in place.
- (e) CMHC will issue an insurance policy to the approved lender upon notification by the Minister that the loan is fully advanced and the interest adjustment date has been set.
- (f) No application fees will be charged by CMHC or the Minister and no premium will be due to CMHC for the underwriting and issuance of the insurance policy.
- (g) Claims by approved lenders on the Mortgage Insurance Fund will be processed by CMHC pursuant to the Act, the National Housing Loan Regulations and applicable guidelines in effect from time to time.
- (h) CMHC and the Minister shall enter into an agreement regarding the cost-sharing of any costs which may be sustained by the Mortgage Insurance Fund. The agreement shall specify the terms and conditions for disposition of any properties acquired, based on the following cost-sharing principles:
  - i) The Minister and CMHC shall share the costs related to that part of a project assisted by CMHC



under this agreement according to the cost sharing arrangements for the program through which the project was assisted;

- ii) The Minister shall assume all costs related to that part of a project not assisted by CMHC under this Agreement.

#### 14. NON-BUDGETARY COMMITMENTS AND EXPENDITURES

- (a) This section applies to Proposal Development Funding for the Non-Profit Housing Program, for which non-budgetary expenditures are provided under Section 37.1 of the Act.
- (b) The Minister and CMHC shall share eligible non-budgetary expenditures, in accordance with the provisions of Schedule A. The parties shall not share any non-budgetary expenditures which are not included in, or which are in excess of, eligible program costs, unless otherwise agreed to.
- (c) The Active Party shall approve commitments to incur non-budgetary expenditures and shall deliver to the other party a notice of commitment, on a mutually acceptable form, within five (5) working days of making the commitment. Receipt of a notice of commitment shall be acknowledged in accordance with the program guidelines.
- (d) Commitments shall be made at interest rates acceptable to both parties.

- (e) Prior to commitment of non-budgetary funds, the Active Party shall be responsible for reviewing applications and proposals to ensure compliance with criteria, as outlined for each program in Schedule A. No acquisitions, construction, or renovation shall be started before a commitment has been approved.
- (f) During the advancing phase, the Active Party shall be responsible for ensuring that appropriate controls are in place and that, prior to authorizing any advance, the necessary requirements, as outlined for each program in Schedule A, have been met.
- (g) The parties shall not commit units or non-budgetary funds in excess of approved annual budgets contained in Schedule B. Any proposed increases to non-budgetary allocations shall be submitted through the Planning and Monitoring Committee to the respective agencies for the required approvals.
- (h) The budget period for non-budgetary commitments is the calendar year. To the extent that units and the related non-budgetary expenditures are not committed by December 31, they shall lapse.
- (i) Current year commitments, including increases with respect to commitments made in previous years, shall be applied against the current year allocation.
- (j) Where a commitment is cancelled or decreased during the year in which it has been made, the related commitment authority shall be credited to the budget for that year. Cancellations or decreases of commitments approved in a prior year shall not alter the current year's

budget. Each commitment increase, cancellation, or decrease shall be reported by the Active Party to the other party, on a mutually acceptable form.

- (k) Except in extenuating circumstances, each to be mutually agreed upon, commitments shall lapse if construction or acquisition of a project, or renovation of a project has not been started within six (6) months of the date of the notice of commitment or approved application.

#### 15. BUDGETARY COMMITMENTS AND EXPENDITURES

- (a) This section applies to budgetary commitments and eligible budgetary expenditures which shall be cost-shared by CMHC and the Minister for each program, as set out in Schedule A.
- (b) The Active Party shall approve commitments to incur budgetary expenditures and shall deliver to the other party a notice of commitment on a mutually acceptable form. Where an insured loan is being sought, the notice of commitment shall be submitted to CMHC with the request for an undertaking to insure. Where an insured loan is not required, the Active Party shall deliver to the other party the notice of commitment within five (5) working days of making the commitment. Receipt of a notice of commitment shall be acknowledged in accordance with the program guidelines.
- (c) The parties shall not commit units or disburse amounts in excess of approved budgetary limits contained in Schedule B. Any proposed increases to budgetary allocations shall be submitted through the Planning and Monitoring Committee to the respective agencies for the required approvals.



- (d) The budget period for budgetary commitments is the calendar year and for budgetary expenditures is the fiscal year ended March 31. To the extent that units or budgetary commitments are not committed by December 31 and budgetary expenditures are not incurred by March 31, they shall lapse.
- (e) The parties shall not share any budgetary expenditures which are not included in, or which are in excess of, the eligible program costs outlined in Schedule A, or which are incurred prior to commitment, unless otherwise agreed to.
- (f) Current year commitments, including increases with respect to commitments made in previous years, shall be applied against the current year allocation.
- (g) Where a commitment is cancelled or decreased during the year in which it has been made, the related commitment authority may be credited to the budget for that year. Cancellations or decreases of commitments approved in a prior year shall not alter the current year's budget. Each commitment increase, cancellation, or decrease shall be reported by the Active Party to the other party on a mutually acceptable form.
- (h) Except in extenuating circumstances, each to be mutually agreed upon, commitments shall lapse if construction, acquisition or renovation of a project has not been started within six (6) months of the date of the notice of commitment or approved application.
- (i) Proceeds on the sale, demolition or destruction of assets under a program shall be shared in proportion to the share of budgetary expenditures for that program.

16. FINANCIAL REPORTING AND CLAIMS SETTLEMENT

- (a) The Active Party shall submit all claims for settlement relating to budgetary and non-budgetary expenditures, net of any monies received, on a monthly basis within thirty (30) days of the end of the month to which the disbursements/receipts relate.
- (b) The Active Party shall be reimbursed by the other party for financing interest on net expenditures, as specified in Schedule A, provided that an interim settlement is submitted no later than thirty (30) days after the month in which the Active Party incurred the expenditures. The thirty day requirement mentioned above may be waived upon mutual consent of the parties.
- (c) The Active Party shall pay financing interest on the other party's share of budgetary and non-budgetary receipts in a manner as specified in Schedule A.
- (d) Interim and final settlements shall be submitted in the format specified in Schedule A or as mutually agreed by both parties.
- (e) All claims for settlement shall be certified by a senior financial officer of the Active Party.
- (f) The Active Party shall submit to the other party by April 30 of each year, a statement of budgetary expenditures incurred but not disbursed, as at the preceding March 31.
- (g) The Active Party shall submit to the other party, by September 30, an audited final statement of budgetary expenditures by program and non-budgetary (PDF)

expenditures for the previous year ended March 31. Such statement with respect to Public Non-Profit projects operated by Housing Authorities shall include an audited financial statement for the calendar year ended December 31 along with an audited statement showing the calendar year's expenditures less the advances made by the Minister to the Housing Authority for the first three (3) months of the calendar year plus advances made to the Housing Authority for the first three (3) months of the subsequent calendar year. Should this statement not be received by September 30, the other party may retain a holdback on current year claims equal to 5% of the claims paid for the previous fiscal year. Notwithstanding section 16(b), no financing interest will be payable on this holdback. In extenuating circumstances, both parties may agree to forego this penalty.

- (h) The final statement of budgetary expenditures and non-budgetary expenditures shall be audited by an auditor acceptable to both parties.
- (i) The auditor of the final statement of budgetary expenditures and non-budgetary (PDF) expenditures shall state whether the audit was performed in accordance with generally accepted auditing standards, whether the statement presents fairly the budgetary expenditures by programs, and whether the budgetary expenditures were incurred in accordance with the financial terms and conditions of the Operating Agreement and program guidelines.



17. PUBLICITY REQUIREMENTS

CMHC and the Minister will work together in a co-operative manner in the development and implementation of a program of public information and publicity respecting projects and programs funded pursuant to this Agreement that accurately reflects the role and contribution of Canada and Nova Scotia, with all costs related thereto being jointly shared, and without limiting the generality of the foregoing will require, that

- (a) unless otherwise agreed by both Parties, during the course of carrying out work on any project, the Active Party shall supply, erect and maintain a project sign or signs specifying that the project is being financed by Canada and Nova Scotia;
- (b) unless otherwise agreed by both parties, upon completion of work on each project, the Active Party shall supply, erect and maintain a sign or plaque to the effect set forth in clause (a);
- (c) the Active Party shall inform the other party of any ceremony related to programs and projects funded under this agreement thirty (30) working days prior to such ceremonies and shall ensure that the federal and provincial ministers responsible for Housing, the Deputy Minister of Housing and the President of CMHC shall be invited to any ceremonies associated with such programs and projects. Ceremony dates are to be mutually agreed to by both parties within ten (10) working days of notice of the tentative date set by the Active party. In certain instances, the aforesaid time periods may be reduced upon the consent of both parties;

- (d) the format and means of distribution of any announcements and/or notifications to sponsor groups and/or to the public at large, relating to this Agreement or to programs and projects at the global and/or individual conditional unit or project allocation stages, proposal development funding loan commitment stages, project approval and commitment of subsidy assistance stages, undertaken pursuant hereto shall be mutually agreed upon and arranged jointly. The Active Party shall provide the other party, for input and joint approval, drafts of such announcements fifteen (15) working days prior to public release to all concerned recipients unless otherwise agreed by both parties;

For the purpose of the above,

- i) joint approval will be required where previously mutually agreed formats of announcements notifications are used; however, fifteen (15) working days advance notice must be provided by the Active party to the other party in order to provide all concerned recipients with appropriate notice period unless otherwise agreed by both parties;
- ii) joint approval is required in all cases where previously mutually agreed to formats are not used;
- (e) any program information including sign, plaques, brochures, pamphlets, or other items of program information and cheques shall fully recognize the contributions of both parties and shall have the prior approval of both parties. With respect to cheques, this requirement could be met if a letter or notice

fully recognizing the contribution of each party  
accompanies each cheque;

- (f) both parties recognize the appropriateness of providing information and publicity material, including signs, plaques and announcements, in both official languages.

Notwithstanding the above, and in order to ensure the anonymity as well as the respect of the clientele involved, CMHC and the Minister may jointly agree to renounce any publicity.

Any matter of discussion between CMHC and the Minister, related to public information and publicity initiatives, may be submitted to the Planning and Monitoring Committees.

#### 18. TERMINATION

This Agreement shall automatically terminate in the event of, and on the same date as, termination of the Global Agreement subject to funding commitments and other arrangements made hereunder. Such termination shall not alter or terminate commitments, nor arrangements for the administration of occupied stock, made prior to termination of this Agreement.

#### 19. AMENDMENT

The schedules hereto may be altered or deleted, or new schedules added from time to time by mutual agreement of the parties. Each party shall notify the other by April 1 of any given year of any proposed amendments to the schedules which may be implemented in the following calendar year.



20. PHASING-IN

Each program covered by this Agreement may be phased-in by arrangements mutually agreed upon between the parties hereto.

21. OTHER PROVISIONS

- (a) The Active Party will make or cause to be made available to the other party all documents, books, records and accounts pertaining to the cost of construction, acquisition, development, renovation and delivery and administration of a project relating to all programs covered by the Global Agreement, for the purposes of operational or financial auditing.
- (b) The parties will ensure that all documents, statements of charges, receipts and files pertaining to any project or program are safely kept as long as required by legal prescription, and in no case for less than seven (7) years.
- (c) Where the Active Party becomes aware of any irregularity or potential legal infraction in the delivery or administration of a program, it shall immediately inform the other party. The Active Party shall carry out all investigations and take all steps necessary to resolve the problem or irregularity, provided that should the other party advise the Active Party of its desire to actively participate in such investigations or other actions, it shall be permitted to do so.
- (d) The parties are jointly responsible for all claims resulting from the application of both the Global and the Operating Agreements, provided that the Active

Party shall indemnify and save the other party harmless from any claim, action, dispute or any other matter involving third parties arising from negligence on the part of the Active Party in the delivery or administration of programs and projects.

- (e) All construction activities carried out during the implementation of both the Global and Operating Agreements are to be carried out in compliance with the legislation, regulations and building codes and standards governing each respective level of government.
- (f) Wherever available, Canadian materials, products and human resources must be employed during the implementation of both the Global and the Operating Agreements. All ensuing contracts should be entered into in compliance with both the Canadian and Provincial laws relating to human rights.
- (g) This Agreement shall not be assigned or otherwise transferred by either party hereto.
- (h) In the event of conflict between any provision of this Agreement and any provision of the Global Agreement, the latter shall govern.
- (i) The Schedules hereto are an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals in execution of these presents.

Signed at this 26<sup>th</sup> day of June nineteen hundred and eighty-six in quadruplicate.

WITNESSED BY:

SIGNED BY:

Canada Mortgage and  
Housing Corporation

Christine E. Keay

[Signature]  
[Signature]

The Minister of Housing of  
the Province of Nova Scotia  
on behalf of her Majesty the  
Queen in right of the Province  
pursuant to the Housing Act,  
S.N.S. 1983, c. 6

W. A. Murphy

[Signature]  
[Signature]





SCHEDULE C

Calendar for Joint Planning Process

<u>Activity</u>	<u>Date</u>
1. The Minister and CMHC exchange data and information on needs and market conditions by specified geographic area and notify each other of any proposed changes for the upcoming calendar year to the Operating Agreement, including the Schedules. Planning and Monitoring Committee meets to assess needs by program type for each specific geographic area	April 1
2. The Minister submits report to CMHC on determination of need	May 15
3. CMHC advises the Minister of tentative allocations for upcoming 3-year period	May 25
4. The Committee meets to review a proposed level of annual activity by specific geographic area and client type over the three-year period, and to forecast annual budgetary and non-budgetary requirements over this period.	June 1
5. The Minister and CMHC each send an advance copy of their respective draft plans to the other for information	June 15
6. Committee meets to review draft consolidated three-year plan	July 1
7. Committee submits proposed plan to the Minister and CMHC for approval	August 1
8. CMHC confirms the budgetary and non-budgetary allocations for year one of the three-year plan.	January 2





NON-PROFIT HOUSING PROGRAM  
NOVA SCOTIA

AGREEMENT BETWEEN:

CANADA MORTGAGE AND HOUSING CORPORATION  
(henceforth referred to as "CMHC")

OF THE ONE PART

- and -

THE MINISTER OF HOUSING OF THE PROVINCE OF NOVA SCOTIA  
on behalf of Her Majesty the Queen in right of the  
Province, pursuant to the Housing Act, S.N.S. 1983, c.6  
(henceforth referred to as the "Minister")

OF THE SECOND PART

This Program shall be delivered and administered by the  
Minister of Housing of the Province of Nova Scotia.

1. OBJECTIVE

The objective of the Non-Profit Housing Program is to  
assist households in need to obtain affordable, adequate  
and suitable rental housing.

2. PROGRAM DESCRIPTION

The Non-Profit Housing Program provides subsidized  
rental housing projects owned and operated by the  
Minister, Municipalities, Public or Private Non-Profit  
Housing Corporations and Non-Profit Continuing Coopera-  
tive Housing Associations or owned by the Minister and  
operated by Housing Authorities. The maximum annual  
subsidy payable to any project, without on-site care  
or support services, shall be equal to the difference  
between the eligible annual operating costs and revenues,  
and shall be shared on a 75/25 basis by Canada and Nova  
Scotia. The maximum annual assistance to special purpose

- 2 -

projects shall be the difference between the amount required to amortize the eligible project costs over a maximum of 35 years and the amount required to amortize such costs if the interest rate charged were 2 percent per annum, shared on a 75/25 basis by Canada and Nova Scotia.

The rent shall be calculated according to a rent-to-income scale and adjusted household incomes as defined in Appendix "1" of this Schedule. The projects may be financed by Nova Scotia or privately financed by an uninsured loan or by an NHA insured loan made by an NHA Approved Lender. In all cases loans shall be amortized over the lesser of the useful life of the project or 35 years to a maximum of 100% of total lending value.

For private non-profit and cooperative projects, a comparative project selection process shall be used by the Minister, to ensure the best targeted and most cost-effective projects are committed. Proposal development funding loans may be made available to eligible private non-profit sponsors and continuing cooperative associations to facilitate their participation in the process.

For Lease Purchase units referred to in this Schedule, the Minister shall be considered as the eligible contribution recipient under Section 56.1 of the National Housing Act and this Schedule shall be deemed to be the agreement referred to in Section 91.(1) of the National Housing Loan Regulations.

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Enabling Federal Legislation

National Housing Act:

- . Insured loans - Part I;
- . Subsidy Assistance - Section 56.1;
- . Proposal Development Funding - Section 37.1.

Enabling Provincial Legislation

Nova Scotia Housing Act

3. ELIGIBILITY CRITERIA

3.1 Sponsors

Eligible sponsors/owners are the Province, Municipalities, Public or Private Non-Profit Housing Corporations and Non-Profit Continuing Cooperative Housing Associations which are eligible contribution recipients defined in the National Housing Act. All capital or shares in a Public Non-Profit Housing Corporation shall be owned by a public body, including a municipality, province or other level of government. No capital or shares in a Private Non-Profit Housing Corporation shall be owned by a public body. The shares in a Non-Profit Continuing Cooperative Housing Association shall be owned solely by the members.

The financial year-end for each project approved under this program shall be the 31st day of December in each calendar year.



### 3.2 Clients

The eligible clients are those households who are in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income threshold, and those with special purpose housing need.

### 3.3 Projects

The projects may be developed through new construction, the purchase of existing housing with or without subsequent rehabilitation, and the conversion of existing buildings. Any building form which can be produced at costs acceptable to the Minister and CMHC shall be eligible for assistance under the program. The projects may include compatible non-residential community, care or commercial space which is financially self-supporting. At least 5% of the units produced under the program each year, in non-special purpose projects, shall be accessible to and designed as "mobility" units, as defined in the program guidelines. Demand shall be considered in determining the number of "mobility" units in any particular project. Further modifications to these units may be undertaken to meet the needs of particular clients. As outlined in the program guidelines, all such modifications are eligible for cost-sharing.

### 3.4 Occupants

The Minister shall ensure that all households selected to occupy units that are to receive cost-shared assistance under the program shall be households in need. As a

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first priority, "mobility" units shall be occupied by households in need in which at least one member of the household is a physically disabled individual.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Proposal Development Funding

An interest-free loan not to exceed \$75,000 per project shall be provided by the Minister to provide support for the development of project proposals by private non-profit groups and non-profit continuing cooperative housing groups intending to develop projects for low-income households and the disabled. The budgetary funds for these loans shall be shared on a 75/25 basis by Canada and Nova Scotia. Canada shall provide 100% of the non-budgetary funds. The maximum loan to any sponsor will depend on the size and the complexity of the proposed project and the work to be done in each successive phase of the project development. The activities for which funding shall be provided include: incorporation; legal cost; demand studies; best buy analysis; economic feasibility analysis; soil tests; site plans; drawings and specifications; preliminary capital and operating cost estimates; and options to purchase or offers to purchase.

An initial proposal development funding loan not to exceed \$10,000 per project may be provided by the Minister to enable eligible sponsors to prepare applications for a conditional allocation. Where new

- 6 -

construction or major renovations are planned, the initial loan may be increased by not more than \$150 per planned unit, up to a cumulative maximum not to exceed \$30,000. Further loan increases may be provided to a cumulative maximum not to exceed \$75,000 to enable the sponsors, who have been awarded a conditional allocation, to complete all the outstanding requirements to receive a timely commitment of units.

#### 4.2 Eligible Project Capital Costs

The total eligible costs of a project pertain only to the units that are committed under the program and are in relation to the residential portion of the project only, as specified in the program guidelines. The eligible costs shall include, but are not limited to, the cost of land acquisition and servicing, construction, rehabilitation and conversion, landscaping, resource group and consultant fees, organization expenses, interest and other fees and charges as outlined in the program guidelines, and shall not exceed the lesser of the actual costs or the Maximum Unit Price applicable to the units at the time of commitment.

The interest rates shall be competitive and acceptable to CMHC and the Minister. The interest rates used where financing is provided by the Minister shall not exceed the lowest rate available from major NHA approved lenders for comparable loans.



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4.3 Ineligible Project Capital Costs

The projects may contain residential dwelling units and non-residential space in addition to those committed under the program. No costs associated with the development, financing or operation of the additional units or non-residential space shall be eligible for the cost-shared assistance provided under the program. The ineligible residential and non-residential costs shall include a prorated share of the project's soft costs, the land value, and the costs of mechanical systems.

4.4 Acceptable Project Capital Costs/Lending Value

The acceptable project costs, used to determine the lending value, shall be the eligible costs of the project within the Maximum Unit Price, the cost of the ineligible residential portion and the cost of the additional non-residential space which shall not exceed 15 percent of the cost of the residential portion of the project and 20 percent of its floor area.

4.5 Costs Eligible for Assistance

Only the actual eligible project costs of the residential component of a project within the Maximum Unit Price shall be eligible for cost-shared subsidy assistance.

4.6 Insured Loans

Where the Minister has entered into a loan insurance agreement with CMHC, an approved lender loan not to exceed 100% of the project lending value shall be insured by CMHC under Part I of the National Housing Act for no

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premium. The Minister shall ensure that the insured loan to all eligible sponsors shall be at an interest rate and upon terms that are acceptable to CMHC and the Minister at the time of the commitment.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

The Minister shall ensure that all units in this program are allocated within the geographic areas specified in the Operating Agreement and allocated to the priority groups in accordance with the approved three-year plan attached as Schedule B to the Operating Agreement.

Taking into account the planning process, the Minister shall assist families and senior citizens within the priority groups with the objective of directing assistance in accordance with their share of the core housing need relative to each other. Within the core housing need income limits, the number of units directed to households at the upper income levels shall not exceed their proportionate share of need.

The Minister shall ensure that a proportion of the annual allocation under this program, to be agreed upon with CMHC, and specified annually in Schedule B of the Operating Agreement, shall be made available to the Private Non-Profit Housing Corporations, including Non-Profit Continuing Cooperative Housing Associations. The Minister shall ensure that no more than the proportion of the annual allocation available for public non-profit

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units, agreed upon with CMHC, and specified annually in Schedule B of the Operating Agreement, shall be made available to lease-purchase units.

#### 5.2 Project Selection

The public and private non-profit sponsors may be awarded conditional allocation of units to support their continuation in the project development process and the achievement of a timely commitment of units. A conditional allocation is not a commitment and may be withdrawn where it becomes evident that a project proposal will not be able to meet all the project eligibility and commitment criteria or the deadline for a final application.

The projects selected for a conditional allocation of units shall meet the selection criteria as set by CMHC and the Minister and shall be the most cost-effective available in terms of the annual subsidy requirements for the given project unit type mix. The cost-effectiveness of the proposed project shall be determined separately for family and senior projects. It shall be based on the ratio of estimated eligible project costs less related equity contributions, to the Maximum Unit Price. The projects with the lowest ratio shall be considered the most cost-effective.

#### 5.3 Project Selection - Public Non-Profits and Special Purpose

The Minister shall develop and select the best targeted and most cost-effective public non-profit and special

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purpose private non-profit projects after weighing the relative merits of the new construction of units versus the acquisition of existing units and after assessing the costs and benefits of various housing acquisition techniques appropriate to the local market conditions.

5.4 Project Selection - Private Non-Profits and Cooperatives

The projects to be developed by Private Non-Profit Housing Corporations and Non-Profit Continuing Cooperative Housing Associations shall be selected, wherever demand may exceed the allocation in a market area, on the basis of a comparative process. The comparative process to be used is set out in Schedule B of the Operating Agreement and shall provide for the comparison of the proposals on the basis of criteria and cost-effectiveness measurements determined by CMHC and the Minister prior to the awarding of proposal development funding or a conditional allocation of units. Where demand is less than the allocation in a market area, the Minister shall take steps to ensure the development of appropriately targeted and cost-effective projects.

6. COMMITMENT

6.1 Proposal Development Funding

A proposal development funding loan commitment shall be deemed to have been made each time the Minister approves a proposal development loan or a loan increase, to a cumulative maximum not to exceed \$75,000, for each eligible project.



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The reporting of the budget take-up shall be the total amount of dollars of capital that has been committed. The dollars of capital committed shall equal the amount of the loan approved at each stage of a project selection.

## 6.2 Criteria for Project Commitment

Prior to approving a commitment of subsidy assistance or requesting that CMHC approve an undertaking to insure, the Minister shall ensure that each commitment application meets all the Non-Profit Housing Program criteria and the guidelines, without conditions which are beyond the power of the contracting parties to fulfill within the calendar year in which the commitment is made, and Section 13 of the Operating Agreement, where applicable.

### 6.2.1 Subsidy Assistance:

A commitment of subsidy assistance is deemed made when the Minister approves a notice of commitment guaranteeing the provision of federal assistance under Section 56.1 of the National Housing Act and provincial assistance under the Nova Scotia Housing Act. The commitment is subject to the execution of this agreement for provincially-owned projects. A project operating agreement shall be entered into between the Minister and the owner of the project where a project is to be owned by a private non-profit housing corporation, non-profit continuing cooperative housing association or municipal public non-profit housing corporation. Where a project

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is owned by the Minister and is managed by a Housing Authority, the Minister shall enter into a project management agreement with the Housing Authority.

6.2.2 Term of Subsidy Commitment:

The approved notice of commitment shall obligate the Minister and CMHC to provide operating assistance to the project for a period of 35 years or the useful life of the project as agreed to by CMHC and the Minister, whichever is lesser. In the case of a lease-purchase unit, the commitment to provide subsidy assistance shall terminate when the unit is sold unless it is sold to a non-profit housing corporation and occupied by a household in core housing need.

6.2.3 Reporting Commitments:

The reporting of the authorized budget take-up shall be in terms of the number of units committed, to be reported as specified in the Operating Agreement.

"Unit" means a unit or bed where a unit is a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household; or a "bed" is the bed to be occupied by each individual resident in a special purpose housing project or hostel.

6.2.4 Loan Insurance:

An undertaking to insure capital financing shall be deemed to have been made when CMHC approves an undertaking to insure under Part I of the National Housing Act.

6.2.5 Commitment Notification/Publicity:

All news releases or announcements pertaining to an allocation or commitment to a project shall be in accordance with the Operating Agreement and its program guidelines.

7. ADVANCING

7.1 Proposal Development Funding Loans

The Minister shall be responsible for approving and making accountable advances on the proposal development funding loans, on behalf of CMHC and the Minister. Such advances shall be secured by a promissory note and repayable from the first loan advance made to the project.

7.2 Insured Loan Advances

The Minister shall be responsible for approving the progress advances in accordance with the program guidelines, which shall be made only after the Minister has entered into a project operating agreement with each private non-profit, non-profit continuing cooperative, or municipal public non-profit project sponsor. The Minister shall provide CMHC reasonable access to all records and documentation pertaining to the authorization of insured loan advances.

7.3 Construction

The Minister shall be responsible for inspecting and monitoring all projects during their construction to

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ensure that the construction is in compliance with all the applicable codes, standards and the program guidelines.

#### 7.4 Final Costs

The Minister shall provide CMHC with a certified statement of final capital costs prepared in accordance with the program guidelines for all the approved projects not later than six months after the Interest Adjustment Date as defined in and on a form specified in the program guidelines.

### 8. PROJECT/PORTFOLIO ADMINISTRATION

#### 8.1 Project Operating Agreements

All private non-profit, non-profit continuing cooperative and municipal public non-profit sponsors shall enter into a project operating agreement, in a form specified in the program guidelines, with the Minister before receiving a commitment for subsidy assistance. Without limiting its scope, the project operating agreement shall specify:

Publicity measures, rentals (tenant income verification, rent adjustments and application of the rent-to-income scale); the leasing of housing units; contributions; other assistance; the sale of project or units; the care facilities and special purpose housing; project management; the commercial and non-residential facilities; annual review; encumbrances; the articles of incorporation/charges; books; accounts; audits;



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loan repayment; replacement reserves; discrimination; retention of documents; default; mortgage rollover; and interest rates.

Where the Minister owns a project, all the above provisions of a project operating agreement shall apply and this Schedule shall be deemed to be the project operating agreement referred to in Section 91.(1) of the National Housing Loan Regulations.

## 8.2 Lease-Purchase Agreements

The Minister as the eligible contribution recipient shall enter into a lease-purchase agreement with all eligible clients under the Lease-Purchase component of this program in a form acceptable to CMHC and the Minister. Without limiting its scope, the lease-purchase agreement shall include such items as:

Rentals (tenant income verification, rent adjustments and application of the rent-to-income scale); lease term and renewal; subletting of unit; contributions; other assistance; sale of unit; and annual review.

## 8.3 Project Administration

### 8.3.1 Project Advances:

The Minister shall ensure public and private non-profit and continuing cooperative housing sponsors are advanced sufficient funds to cover project operating losses during the course of their fiscal year.

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8.3.2 Financial Year:

The Minister shall ensure that the sponsors/owners of each project approved under this program shall have a financial year-end of 31 December in each year.

8.3.3 Project Monitoring:

The Minister shall monitor and undertake regular on-site inspections and financial reviews to ensure that project sponsors manage their projects prudently and cost-effectively and continue to respect all conditions in their project operating agreements during the period of the insured loan and receipt of federal and provincial subsidies.

8.3.4 Modernization and Improvement:

Expenditures for the modernization, improvement and regeneration in excess of \$100,000 per project or \$1,000 per unit in any one year must be part of a comprehensive portfolio management strategy and shall be explicitly identified in Schedule B of the Operating Agreement or be approved by CMHC on a project basis.

8.3.5 Prepayment:

The prepayment of the outstanding loan balance, the sale of a project or unit or a change in a project's charter can only take place with the approval of CMHC and the Minister, except in the case of lease-purchase units. For lease-purchase units, the terms and conditions associated with the sale of a unit to the in-situ household including any appreciation in unit value

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shall be specified in the program guidelines and the lease-purchase agreement. Any appreciation in the unit value at the time of purchase shall be secured by a forgivable mortgage in favour of the Minister and shall be forgiven monthly by the purchaser prorated over the five-year period so long as the purchaser remains as principal owner/occupant.

8.3.6 Management Training:

Training and other aids may be provided to assist the public and private non-profit sponsors and the continuing cooperative groups to manage their projects effectively. Such expenditures shall be cost-shared and shall be charged against the management and administration expenses, within the project's annual operating budget.

8.3.6 Projects in Difficulty:

Where a project gets into financial difficulty, the Minister shall advise CMHC and secure the approval of CMHC to any solution or action that may affect the amount of the financing or the amount of the subsidy assistance paid each year on the basis of the eligible project costs.

8.4 Income Verification

The Minister shall ensure that all project sponsors verify, at least annually, the adjusted income of the households occupying units in the project and shall

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take steps to ensure the rent to be charged is adjusted accordingly and in a manner described in Appendix "1" of this Schedule.

8.5 Portfolio Administration

The Minister shall participate with CMHC and other provincial and territorial housing corporations in addressing portfolio management problems, issues and opportunities, in an ongoing effort to achieve economies and efficiencies in delivery and operating of the program.

9. ELIGIBLE PROGRAM COSTS

The eligible program costs shall be shared 75/25 by Canada and Nova Scotia.

9.1 Non-Budgetary Expenditures

CMHC will provide 100% of the non-budgetary expenditures associated with the interest-free proposal development funding loans to assist the private non-profit and the continuing cooperative sponsors to develop project proposals.

9.2 Budgetary Expenditures

9.2.1 Proposal Development Funding:

The eligible budgetary expenditures shall include the interest costs on proposal development funding loans for the period between when the funds are advanced and



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the loan is repaid out of the first loan advance. If the project does not proceed to commitment of units, the forgiveness of these loans shall also be shared.

9.2.2 Project Operating Losses:

The subsidies for the eligible portion of a project without on-site care or support services shall be based on the difference between the eligible portion's share of actual annual operating costs and revenues, with the rent component of revenues based on the household adjusted incomes and the rent-to-income scale as specified in Appendix "1" of this Schedule.

The Minister may utilize a rental scale of his own but the operating losses eligible for assistance from Canada shall be determined on the basis of whichever of the Nova Scotia scale or the Federal Rent-to-Income Scale produces the lower annual operating loss. Any scale in use shall be attached in Appendix "1" and shall not result in occupant households remaining in a core housing need position.

Without limiting the scope, listed below are the revenue and expense line items which are acceptable to CMHC for cost-sharing:

- . Revenues: rents; parking; laundry; other.
- . Operating expenses: taxes; insurance; maintenance; management; janitor; space heating; electrical power; water; sewer; garbage removal; modernization/improvement and regeneration; replacement reserves

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(for private non-profits and continuing cooperatives only); training; depreciation (equal to principal reduction on loan) and loan interest.

Subsidies for special purpose projects shall not exceed the difference between (a) the amount required to amortize the eligible project costs within the Maximum Unit Price of the housing project at an interest rate acceptable to CMHC over thirty-five years or the life of the project, whichever is lesser; and (b) the amount required to amortize the eligible cost of the project if the interest rate charged on such costs were two per cent per annum calculated semi-annually and not in advance.

9.2.3 Program Delivery and Administration:

The eligible costs of delivery and administration shall be based on performance standards acceptable to CMHC and the Minister.

9.2.4 Financing Interest:

The interest payable on financing of budgetary receipts and disbursements shall be calculated at an interest rate acceptable to CMHC and the Minister. Interest in such cases will be calculated on the net expenditures to the date of reimbursement.

9.2.5 Publicity:

The cost of the program and project publicity measures and materials as agreed upon by the Minister and CMHC shall be eligible program costs.

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9.2.6 Sale of Lease-Purchase Units:

Any profits on the sale of lease purchase units shall be credited to the program in the 75/25 Canada/Nova Scotia ratio and is used to offset the overall program costs.

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and as specified in the program guidelines.

11. INFORMATION REQUIREMENTS

The Minister shall ensure that all information requirements outlined in Appendix "2" of this Schedule and specified in the program guidelines, are provided to CMHC.

The proposal development funding commitment information shall be provided no later than five (5) working days after a commitment is made.

Where a comparative selection process for conditional allocation of units is being held prior to the full project commitment, summary information on each project accepted and rejected shall be provided by the Minister to CMHC within 30 days following selection and in no case later than the 30th day of September of the year in progress.

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The commitment data shall be provided not later than five (5) working days after a commitment is made. Updates to previously communicated commitment data shall also be transmitted not later than five (5) working days after an update is made.

Special program or project details permitting the drafting and distribution of news announcements pertaining to program and project allocations and commitments shall be described in the program guidelines.

The information pertaining to the clients served by the program shall be obtained at least once a year and not later than the 31st day of March in the subsequent year. This shall provide details on the clients served in all units under the administration of or receiving subsidies through this program, as of the 31st days of December of that year. The annual client data may be provided on the basis of a sample of projects, which shall have been mutually agreed to in advance by the Minister and CMHC.

The annual project operating data shall support the final audited statement of expenditure and this, along with the client information, shall be used as the basis for calculating the adjustments in the federal payments of subsidy assistance to the Minister, if necessary.



In Witness Whereof, the parties hereto have set their hands  
and seals in execution of these presents.

Signed at \_\_\_\_\_ this 26<sup>th</sup> day of June  
nineteen hundred and eighty-six in quadruplicate.

WITNESSED BY:

SIGNED BY:

Cloisline J. Kemp

Canada Mortgage and  
Housing Corporation

[Signature]  
[Signature]

[Signature]

Nova Scotia  
Minister of Housing

[Signature]  
[Signature]



## PROGRAM ELIGIBILITY

### DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.

## FEDERAL RENT-TO-INCOME SCALE

### DEFINITION OF INCOME FOR DETERMINING BENEFITS

For purposes of establishing the rent to be paid, the Minister shall assess the annual "adjusted income" of the household in the following manner:

- . Assess the income, in whatever form received, of each member of the household; income includes for example:
  - salary, wages, commissions, rents, investment income, part-time earnings, tips, alimony maintenance payments and child support received from a separated or divorced spouse;
  - Unemployment Insurance Benefits, Social Assistance, Mother's Allowance, Welfare;
  - Old Age Security Pension, Guaranteed Income Supplement, CPP/QPP pension, private pensions or annuities;
  - the first \$5 800 income, in whatever form received, of children or dependents of the household.
- . Exclude from income the following, for each household member, if applicable:
  - family allowances, if they were included previously;
  - living-out or travelling allowances of any household member;
  - monies received from insurance settlements, inheritance, disability awards, sale of effects, capital gains;
  - the income, in whatever form received, of children or of dependents, if such children or dependents are in full-time school attendance;
  - work-related earnings of a single parent, working spouse or any other household member, excluding the household head, up to \$1 000 per year per qualifying household member;
  - for children or dependents not in full-time school attendance, the above-noted \$1 000 deduction can be applied against income in whatever form received.
- . Calculate the total income of all household members, after having considered all eligible income exclusions. The result of this is the "annual adjusted income" of the household.

For the purpose of this rent-to-income scale, a child is a person, related by blood or marriage to other members of the household, and of 25 years of age or less. A dependent is a member of the household who is considered a dependent of another member of this household per the requirements of Revenue Canada. A dependent of 25 years or age or less qualifies for the same income definitions and exclusions provided to children of the household.

If any member of the household is self-employed, the work-related earnings of this household member will be the annual net income, as defined by Revenue Canada, before any personal income tax deductions, plus any capital cost allowance used in the determination of the above net income.

In all cases, a verification/confirmation of the income of household members must be obtained; for example, a statement signed by the employer, or in the case of the self-employed, a copy of the most recent income tax return or other evidence satisfactory to the Minister.

For the purpose of calculating rent, boarders are considered as members of the household and their income shall be considered on the same basis as other household members in the determination of the rent. Room and board paid to the household head or spouse will not be considered as part of the household's income.

#### BASIC RENT

The basic rent shall be determined on the basis of the household's annual "adjusted income", calculated on a monthly basis, and as applied against the following rent-to-income table.

#### RENT-TO-INCOME TABLE

##### MONTHLY INCOME AND RENT

Adjusted Income (\$)	Per Cent	Adjusted Income (\$)	Per Cent
192	16.7	349	23.8
201	17.4	358	24.0
210	18.1	367	24.3
220	18.6	376	24.5
229	19.2	386	24.6
238	19.7	395	24.8
247	20.2	404	25.0
256	20.7	416	25.0
266	21.1	428	25.0
275	21.5	440	25.0
284	21.8	452	25.0
293	22.2	464	25.0
303	22.4	476	25.0
312	22.8	488	25.0
321	23.1	500	25.0
330	23.3	508 and up	25.0
340	23.5		

If the household is in receipt of social assistance, whether or not social assistance is the principal source of income, the basic rent will be the greater of the shelter component of welfare or the rent as determined on the basis of the above table, in conjunction with the household's total adjusted income.



RENT ADJUSTMENTS

- . The basic rent is that payment required on the part of the occupant(s) of the dwelling for fully serviced accommodation supplied with heat, water, hot water, stove and refrigerator.
- . Where the client of the program must pay for any of the services identified as part of a fully serviced unit over and above their basic rent, such basic rent will be reduced by an amount which will take into account the client's additional expenses.
- . Where services other than those identified as part of a fully serviced unit are provided, the basic rent will be increased to reflect the full economic costs of providing such services.
- . There will be no rent maximum set unless specifically approved by CMHC.
- . For a fully serviced unit, no rent will be set lower than \$32 per month.
- . For an unserviced unit, no rent will be set lower than \$22 per month.

CLIENT INCOME FLUCTUATIONS

A client's rent will be set once a year and that rent will not be adjusted during the year for income increases. Rent reductions during the year will however be permitted in instances where a client household supplies documented evidence that its income has decreased to a level which would result in a rent reduction of \$10 per month or more.



INFORMATION REQUIREMENTS: SUMMARY

Pre-Commitment (for Comparative Situations ONLY):

- . this data is provided following the completion of conditional unit allocations;
- . the following generic data elements are provided for each project accepted or rejected in the project selection process:
  - sponsor's name and address;
  - proposed project's description:
    - location codes,
    - client type,
    - number of units by unit and building form,
    - new and existing,
    - maximum unit price;
  - proposed project costs:
    - total estimated costs,
    - cost (less equity) to MUP ratio,
    - equity contribution;
  - reasons for refusal of proposal (in narrative form).

Commitment Data:

- . this data is submitted by way of Notice of Commitments forms;
- . the Notice of Commitment forms contain the following generic data elements:
  - client type served;
  - project location, codes and address;
  - applicant details, type, name and address;
  - proposal development funding (PDF):
    - amount approved,
    - amount previously approved,
    - account identification information;
  - project description:
    - description of building,
    - number of eligible and ineligible units by unit and building type,
    - use of floor area,
    - maximum unit price;
  - financial data pertaining to eligible and ineligible portions:
    - project financing, amount, terms, rates,
    - equity,
    - grants;
  - project eligible and ineligible capital costs:
    - land,
    - improvements (acquisition, construction, renovation, soft costs),
    - appraisal estimate;
  - project eligible and ineligible operating data:
    - eligible costs and revenues,
    - other costs and revenues,
    - subsidies, amount and sources;

Commitment Data: (Cont'd)

- project procurement and acquisition technique;
- account identification information.
- . this information, or part of it will be updated through a project's life cycle (eg. at commitment of PDF and Section 56.1 assistance, at establishment of IAD, at final audited capital costs).
- . for Nova Scotia lease-purchase units, the above information will be provided for each unit.

Client Data:

- . this data is provided once a year and pertains to those eligible clients receiving assistance that year (may be obtained through sampling of client records);
- . the data provided will pertain to:
  - household composition,
  - household income and its source,
  - Native ancestry,
  - presence of special needs,
  - size and type of dwelling occupied,
  - rent paid,
  - condition and affordability of household's previous dwelling (only for clients newly served during the year; may be obtained through sampling of client records.)
- . for Nova Scotia lease-purchase units, the above information will be provided as well as:
  - household income at sale of unit,
  - length of household occupancy at sale of unit.

Project Operating Data:

- . this data is provided once a year and contains the following generic data elements segregated for eligible and ineligible costs and revenues as applicable:
  - amortization (principal and interest),
  - project operating costs (such as financing charges, utilities, maintenance and replacement reserves),
  - project revenues (such as rents, parking and laundry),
  - management expenses,
  - modernization and improvements.
- . for Nova Scotia lease-purchase units, the above information will be provided as well as:
  - date of initial occupancy,
  - book value and appraised market value at time of sale,
  - agreed purchase price,
  - value of forgivable mortgage,
  - appreciation in unit value realized by DOH, including unearned amounts repaid on forgivable mortgages.



The financial reporting requirements for budgeting and claims can be grouped by the following categories:

- For the Non-Profit Program, all budgeting, claims and reporting will be segregated into the following activities unless otherwise indicated:

### A. BUDGET PREPARATION

A three-year financial plan is developed on an annual basis as part of the joint planning process. It identifies planned commitment levels, expenditure levels, and cash flow patterns over the planning period which includes the budget year and the following two years. Commitment activity is planned on a calendar basis whereas expenditure activity is planned on a 31 March fiscal year basis. Cash flow is presented on both a calendar and fiscal year basis for five years. Commitment, expenditure and cash flow estimates for the year preceding the budget year and the two years following the budget year are presented for planning, information and monitoring purposes only.

Budget limits for the budget year are established in Schedule B to the Operating Agreement.

Three year plans will be established by activity for the following areas:

1. Commitments - Units
2. Commitments - Non-budgetary (PDF)
3. Budgetary Expenditures
4. Cash Flow Forecast - Budgetary  
- Non-budgetary (PDF)

- ## 1. Commitments - Units

Schedules of units committed and units placed under subsidy will be used to derive the forecasts of budgetary expenditures.

Data on characteristics of the proposed units (split between new construction and existing construction, average unit capital cost, total capital costs of the units that will be amortized, projected interest rates, average length of the subsidy, amortization terms, average annual operating costs and proposed dates of subsidy commencement ("phase-in rates")) will be required to support the calculations of budgetary expenditures.

A. BUDGET PREPARATION (Cont'd)

2. Commitments - Non-budgetary

Commitments for the Proposal Development Funding shall be expressed in terms of non-budgetary dollars required. The projected average loan amount and the number of units/projects assisted by the Proposal Development Funding shall also be provided. Commitments required in accordance with the Loan Insurance Agreement to finance the acquisition of a project in default shall be expressed in terms of non-budgetary dollars required.

3. Budgetary Expenditures

For Non-profit, budgetary expenditures will be displayed by type of expenditure (i.e. operating costs, revenues, amortization, modernization and improvement, delivery and administration costs, and financing interest) in accordance with program guidelines.

For Proposal Development Funding, the amount of loan forgiveness and the interest rate losses arising from the provision of interest-free loans will be provided.

Funds required to administer projects acquired in accordance with the Loan Insurance Agreement will be reported separately.

4. Cash Flow - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

- Non-budgetary (PDF)

A summary of the expected quarterly cash flow of non-budgetary expenditures for Proposal Development Funding will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for assistance under the Non-Profit Program will be reported in units; commitments for Proposal Development Funding will be reported in capital (non-budgetary) dollars.

Commitments will be reported to CMHC by the Minister on a notice of commitment form, no later than five (5) working days after a commitment is made.

CMHC will acknowledge receipt of the notice of commitment.

#### D. CLAIMS

Claims for settlement between CMHC and the Minister shall be submitted on a monthly basis within thirty days of the end of the month to which the transactions relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary expenditures and non-budgetary PDF expenditures and PDF asset balances; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed, units under subsidy and PDF asset balances.

The entire financial activity of the program shall be reported by the Minister, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Non-Profit Program shall include:

##### 1. Continuity Schedule: Units Committed/Under Subsidy

This schedule is required to monitor the number of units that have been committed in the program, those that are receiving subsidies, and those that are committed but not yet receiving assistance ("outstanding commitments").

Information provided includes the number of units committed, cancelled, or placed under subsidy during the month, the number of units receiving subsidies during the month, and the number of units removed from the program.

##### 2. Continuity Schedule: Proposal Development Funding Loans

This report is required to monitor the number and amount of loans that have been committed, advances on those loans, outstanding commitments, loans forgiven and loan repayments.

##### 3. Expenditures

A report of actual expenditures made or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform the other party of its share of the expenditures.

The expenditures will be displayed by program activity and the following expenditure categories: net operating subsidies, delivery and administration costs, financing interest and Proposal Development Funding. Sufficient data will be provided to support the delivery and administration costs claimed in accordance with predetermined standards. It is not necessary to provide detailed object of expenditure information in support of the claimed amounts.

The report will also disclose the respective share of the expenditures of CMHC and the Minister and the amounts for which reimbursement is being requested by the Minister.

The Minister's share of the interest costs on the Proposal Development Funding loans and any loan forgiveness will be deducted from other amounts owing to the Minister from CMHC.



E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary expenditures and non-budgetary PDF expenditures shall provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from the Minister for the fiscal year ending on the 31st day of March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims for the fiscal year.

This statement and its supporting schedules shall be accompanied by operating data at the project level as outlined in Appendix "2" (Information Requirements) of this Schedule and summarized by program activity. Project level operating data shall be audited in accordance with the program guidelines. Budgetary expenditures shall be broken down by year of commitment in a supporting schedule. This schedule does not require audit and may be based on reasonable estimates.

Audited information will be submitted not later than the 30th day of September.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment and PDF asset balance information as at the 31st day of December shall be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

Outstanding commitment information will be classified by year of commitment approval. This will include detailed listings of projects committed and not yet receiving assistance and proposal development funding not fully advanced.

This information is required to reconcile the detailed asset and commitment files maintained by CMHC to those of the Minister.

Unaudited information must be submitted to CMHC not later than the 31st days of January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending on the 31st day of March and which, in accordance with the program guidelines, should be charged to the budget for that year, shall be reported by the Minister by the 30th day of April. This information will be certified by a senior financial officer of the Minister. Estimates of the accruals can be submitted at this time but will have to be adjusted to actuals when the final audited statement of expenditures is submitted.



NOVA SCOTIA  
LEASE PURCHASE PROGRAM

An occupant of a non-profit unit within the Nova Scotia Lease Purchase Program may purchase the unit upon the following terms:

1. Any tenant may purchase the unit that he or she occupies at any time during the tenancy.
2. The purchase price shall be the capital cost of the unit; or, in the case of a subsequent tenant, the market value of the unit at the time of commencement of the tenant's occupancy or the capital cost, whichever is greater.
3. Any difference in the unit value between the tenant's purchase price and the market value of the unit at time of purchase, less tenant equity, shall be secured by a forgivable mortgage in favour of the Department of Housing. The forgiveness will be earned monthly by the purchaser over five years so long as the purchaser remains as a principle owner/occupant. The unearned forgiveness shall be repaid immediately if the purchaser ceases to occupy or sells the unit.
4. Any profits realized by the Department of Housing, including unearned amounts repaid on forgivable mortgages, will be shared by CMHC and the Department of Housing on a 75/25 basis.
5. Upon the sale of each unit, unless the unit is purchased by a non-profit corporation in accordance with program guidelines and occupied by a household in core housing need, the cost-shared assistance will terminate.
6. Definitions
  - 1) Capital cost means the original amount of monies required to acquire the unit plus any improvement costs expended on the unit, exclusive of tenant improvements. If a capital grant was received, it may pass to the benefit of the purchaser at the election of the Department of Housing.
  - ii) Market value means the appraised value for sale purposes as determined by a qualified appraiser.



RENT SUPPLEMENT PROGRAM  
NOVA SCOTIA

AGREEMENT BETWEEN:

CANADA MORTGAGE AND HOUSING CORPORATION  
(henceforth referred to as "CMHC")

OF THE ONE PART

- and -

THE MINISTER OF HOUSING OF THE PROVINCE OF NOVA SCOTIA  
on behalf of Her Majesty the Queen in right of the  
Province, pursuant to the Housing Act, S.N.S. 1983, c.6  
(henceforth referred to as the "Minister")

OF THE SECOND PART

This Program shall be delivered and administered by the  
Minister of Housing of the Province of Nova Scotia.

1. OBJECTIVE

The objective of the Rent Supplement Program is to assist households in need to obtain affordable, adequate and suitable rental housing by subsidizing the rents payable to those households in eligible rental dwellings.

2. PROGRAM DESCRIPTION

The Rent Supplement Program shall provide assistance to households in need by reducing the rent paid to a specified proportion of their income. The assistance shall be based on the difference between an agreed upon market rent and the rent charged according to a rent-to-income scale and based on the household's adjusted income, as defined in Appendix "1" to this Schedule. To make this assistance available, the Minister and a landlord or housing cooperative shall sign an agreement, designating

- 2 -

a number of housing units to be subsidized. The assistance provided for each unit shall be cost-shared 45/55 by Canada and Nova Scotia and shall be available for a maximum term of 35 years. The Minister, his agencies or housing cooperatives shall select the households in need to be the occupants of the subsidized unit.

For the purpose of this Schedule, the Minister shall be considered as the eligible contribution recipient under Section 56.1 of the National Housing Act and this Schedule shall be deemed to be the agreement referred to in Section 91.(1) of the National Housing Loan Regulations.

Enabling Federal Legislation

National Housing Act:

- . Section 56.1

Enabling Provincial Legislation

Nova Scotia Housing Act

3. ELIGIBILITY CRITERIA

3.1 Owners

Agreements may be made between the Minister and landlords or housing cooperatives. Housing units receiving other ongoing federal or provincial social housing assistance shall not be eligible under this program unless such assistance is provided under Sections 15, 15.1 or 34.18 of the National Housing Act, subject to the provisions set out in clause 8.2, or funding under Section 34.1 for the Residential Rehabilitation Assistance Program for the Disabled.



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### 3.2 Clients

The eligible clients are those households in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income threshold, and those with special purpose housing need.

### 3.3 Projects

The Minister shall ensure that all units selected comply with minimum property standards acceptable to CMHC and the Minister.

### 3.4 Occupant Selection

The Minister or his agencies shall ensure that all households selected to live in housing units assisted under this program shall be households in need. Where Rent Supplement units are provided to housing cooperatives funded through the Federal Cooperative Housing Program, 50 percent of the occupants shall be selected from public housing authority waiting lists and the remaining 50 percent by housing cooperatives.

## 4. ELIGIBLE PROJECT COSTS/ASSISTANCE

### 4.1 Unit Maintenance Costs

Eligible unit maintenance costs shall be the costs incurred to repair abnormal damages to a unit caused by the clients of the program or decoration expenses needed above those required of landlords or housing cooperatives as specified in clause 7.4 of this Schedule.

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4.2 Assistance/Eligible Costs

The assistance shall be based on the monies required to pay the difference between the rent paid by the Rent Supplement client and a market rent which would be reasonable, given the characteristics of the unit and the prevailing market conditions, and which shall have been agreed to by the Minister in his agreement with the owner of the unit.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

With the exception of Rent Supplement units for the Federal Cooperative Housing Program, the Minister shall ensure that all units in this program are allocated within the geographic areas specified in the Operating Agreement and to the priority groups in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement. The Rent Supplement units for the Federal Cooperative Housing Program shall be made available to cooperative projects committed by CMHC, as set out in the approved three-year plan.

Taking into account the planning process, the Minister shall assist families and senior citizens within the priority groups with the intent to direct assistance in accordance with their share of core housing need relative to each other. Within the core housing need income limits, the number of units directed to households at the upper income levels will not exceed their proportionate share of need.

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5.2 Project Selection

The Minister shall ensure that the units providing the best value for money are selected. Where possible, a public tendering process is to be used in the selection of projects and units. In selecting units, the Minister shall inspect the units to be designated for receipt of Rent Supplement assistance to ensure that they comply with the housing standards accepted by CMHC and the Minister.

In allocating its units, the Minister shall also ensure that not less than 30 percent of the units available through the Federal Cooperative Housing Program are provided with Rent Supplements, as set out in Schedule B of the Operating Agreement. CMHC shall, after consultation with the Minister, assume all responsibility for distributing these units to projects funded under the Federal Cooperative Housing Program.

6. COMMITMENT/AGREEMENTS

6.1 Commitment

A commitment shall be a written undertaking by the Minister to subsidize a specifically identified number of units and to incur the budgetary expenditures related thereto.

A commitment of units shall be deemed to have been made once an agreement is signed between the Minister and a landlord or housing cooperative, for a specified number of housing units which shall be subsidized under the program.

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Upon the Minister executing the initial agreement, Canada and Nova Scotia commit to each other to provide assistance to that unit for a period of 35 years, subject to the reallocation provisions of clause 7.6 of this agreement.

The reporting of the authorized budget take-up shall be the number of units committed. "Unit" means a unit or bed where a unit is a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household; and a "bed" is the bed to be occupied by each individual resident in a special purpose housing project or hostel.

The commitment documentation shall be communicated by the Minister to CMHC by way of a notice of commitment form provided in the program guidelines.

6.2 Commitment Notification/Publicity

All news releases or announcements pertaining to an allocation or commitments to a project shall be in accordance with the operating agreement and the program guidelines.

6.3 Agreement with Owners

The Minister shall ensure that the terms and conditions of the agreement with landlords or eligible housing cooperatives shall be as approved by CMHC and the Minister, and without limiting their scope, shall contain references to: the occupant selection process; the term of leases; security deposits; lease renewals; unit vacancies; unit maintenance; the timing of payments to the owner; and the renewal of the agreement.



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7. PROJECT/PORTFOLIO ADMINISTRATION

7.1 Income Verification

The Minister shall ensure that the adjusted income of the household occupying the Rent Supplement unit shall be verified at least annually and shall ensure that the rent to be charged is adjusted accordingly and in a manner described in Appendix "1" of this Schedule.

7.2 Rent Review

The rents charged by landlords or housing cooperatives shall be reviewed and agreed to yearly by the Minister. In situations where the Minister has agreed to rent adjustments based on escalation clauses, the conditions associated with the making of such adjustments shall be reviewed.

7.3 Duration of Leases

The Minister shall ensure that all its leases between the landlord or housing cooperative and the tenant shall be for a term of one year or more. The Minister may agree to leases of less than one year for exceptional reasons or for the purpose of incurring subsequent lease renewals at a specific date common to all the Minister's rent supplement portfolio.

7.4 Maintenance of Units

The Minister shall ensure that landlords or housing cooperatives participating in this program maintain the units in a state of good repair to be enforced by means of an on-site inspection carried out with a frequency agreed to by CMHC and the Minister.

7.5 Repair of Units/Redecoration

The Minister may incur expenses to repair abnormal damages done by the occupants of Rent Supplement units. The Minister may also incur expenses to redecorate the units if required prior to the cyclical maintenance of units by the landlord or housing cooperative, as described in clause 7.4 of this Schedule.

7.6 Unit Reallocation

A Rent Supplement commitment shall be for a term of 35 years. Within this 35-year period, a unit designation may be transferred to another unit or project of comparable cost upon expiry of the agreement with the landlord or housing cooperative, or may be renewed for the same unit.

During the period of agreement with the landlord or housing cooperative, if a household becomes ineligible or vacates a unit, the Minister may, with the consent of the landlord or cooperative, revoke the unit designation and transfer it to another housing unit or project of comparable cost for the remaining term of the 35-year commitment between CMHC and the Minister.

A maximum of nine months may occur between the revocation of a unit designation or the expiration of the landlord or co-op agreement and its redesignation to another project or unit. After such nine months, the remaining portion of the 35-year commitment will be withdrawn. No subsidies will be paid between the revocation and redesignation dates.

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Where a unit is transferred to another housing project, it is understood that such unit will be chosen as part of the selection process as identified in clause 5.2 of this Schedule. Following this unit transfer, the Minister will notify CMHC of the redesignation of the unit on a notice of commitment form specified in program guidelines. CMHC will be notified in the same manner of unit revocations.

8. ELIGIBLE PROGRAM COSTS

The eligible program costs shall be shared by Canada and Nova Scotia on a 45/55 basis and these costs shall consist of:

8.1 Budgetary Costs

The budgetary costs shall include:

- . the funds required to pay the difference between the agreed market rent and rents collected from the clients, based on adjusted incomes and the rent-to-income scale as specified in Appendix "1" of this Schedule. The Minister may utilize a rental scale of his own but operating losses eligible for assistance from Canada shall be determined on the basis of whichever of the Minister's scale or the Federal Rent-to-Income Scale produces the lower operating loss. Any scale in use shall be attached to Appendix "1" and shall not result in the occupant households remaining in a core housing need;

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- . the unit repair and redecoration costs as defined in clause 7.5 of this Schedule;
- . all eligible annual costs of delivery and administration based on the performance standards set by CMHC, including the fees incurred in delivery.
- . The interest payable on financing the budgetary receipts and disbursements shall be calculated at an interest rate accepted by CMHC and the Minister. Interest in such cases shall be calculated on net expenditures to the date of reimbursement basis.

#### 8.2 Exception

As provided for in clause 3.1, the rent supplement assistance shall be made available to clients in non-profit and cooperative projects that were committed prior to 1979 under Sections 15, 15.1 and 34.18 of the National Housing Act, provided that Nova Scotia has matched the financial assistance provided by Canada through these sections of the National Housing Act and as specified in the program guidelines.

#### 9. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule, and detailed in the program guidelines.



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10. INFORMATION REQUIREMENTS

The Minister shall ensure that all information requirements outlined in Appendix "2" to this Schedule, and specified in the program guidelines shall be provided to CMHC.

The commitment data shall be provided not later than five (5) working days after a commitment has been made. Updates to previously communicated commitment data shall be transmitted not later than five (5) working days after the update has been made.

The information pertaining to the clients served by the program shall be obtained at least once a year and not later than on the 31st days of March of the subsequent year and shall provide details on the clients served in all the units under administration, or receiving subsidies under this program, as of the 31st day of December of that year.

The annual project operating data shall support the final audited statement of expenditure and with the client data, shall be used as the basis for the adjustments in the federal payments of subsidy assistance to the Minister, if necessary.

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In Witness Whereof, the parties hereto have set their hands  
and seals in execution of these presents.

Signed at \_\_\_\_\_ this 26<sup>th</sup> day of June  
nineteen hundred and eighty-six in quadruplicate.

WITNESSED BY:

SIGNED BY:

Christine J. Kung

Canada Mortgage and  
Housing Corporation

[Signature]  
[Signature]

[Signature]

Nova Scotia  
Minister of Housing

[Signature]  
[Signature]

## PROGRAM ELIGIBILITY

### DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.

## FEDERAL RENT-TO-INCOME SCALE

### DEFINITION OF INCOME FOR DETERMINING BENEFITS

For purposes of establishing the rent to be paid, the Minister shall assess the annual "adjusted income" of the household in the following manner:

- . Assess the income, in whatever form received, of each member of the household; income includes for example:
  - salary, wages, commissions, rents, investment income, part-time earnings, tips, alimony maintenance payments and child support received from a separated or divorced spouse;
  - Unemployment Insurance Benefits, Social Assistance, Mother's Allowance, Welfare;
  - Old Age Security Pension, Guaranteed Income Supplement, CPP/QPP pension, private pensions or annuities;
  - the first \$5 800 income, in whatever form received, of children or dependents of the household.
- . Exclude from income the following, for each household member, if applicable:
  - family allowances, if they were included previously;
  - living-out or travelling allowances of any household member;
  - monies received from insurance settlements, inheritance, disability awards, sale of effects, capital gains;
  - the income, in whatever form received, of children or of dependents, if such children or dependents are in full-time school attendance;
  - work-related earnings of a single parent, working spouse or any other household member, excluding the household head, up to \$1 000 per year per qualifying household member;
  - for children or dependents not in full-time school attendance, the above-noted \$1 000 deduction can be applied against income in whatever form received.
- . Calculate the total income of all household members, after having considered all eligible income exclusions. The result of this is the "annual adjusted income" of the household.

For the purpose of this rent-to-income scale, a child is a person, related by blood or marriage to other members of the household, and of 25 years of age or less. A dependent is a member of the household who is considered a dependent of another member of this household per the requirements of Revenue Canada. A dependent of 25 years of age or less qualifies for the same income definitions and exclusions provided to children of the household.

If any member of the household is self-employed, the work-related earnings of this household member will be the annual net income, as defined by Revenue Canada, before any personal income tax deductions, plus any capital cost allowance used in the determination of the above net income.

In all cases, a verification/confirmation of the income of household members must be obtained; for example, a statement signed by the employer, or in the case of the self-employed, a copy of the most recent income tax return or other evidence satisfactory to the Minister.

For the purpose of calculating rent, boarders are considered as members of the household and their income shall be considered on the same basis as other household members in the determination of the rent. Room and board paid to the household head or spouse will not be considered as part of the household's income.

### BASIC RENT

The basic rent will be determined on the basis of the household's annual "adjusted income", calculated on a monthly basis, and as applied against the following rent-to-income table.

#### RENT-TO-INCOME TABLE

##### MONTHLY INCOME AND RENT

Adjusted Income (\$)	Per Cent	Adjusted Income (\$)	Per Cent
192	16.7	349	23.8
201	17.4	358	24.0
210	18.1	367	24.3
220	18.6	376	24.5
229	19.2	386	24.6
238	19.7	395	24.8
247	20.2	404	25.0
256	20.7	416	25.0
266	21.1	428	25.0
275	21.5	440	25.0
284	21.8	452	25.0
293	22.2	464	25.0
303	22.4	476	25.0
312	22.8	488	25.0
321	23.1	500	25.0
330	23.3	508 and up	25.0
340	23.5		

If the household is in receipt of social assistance, whether or not social assistance is the principal source of income, the basic rent will be the greater of the shelter component of welfare or the rent as determined on the basis of the above table, in conjunction with the household's total adjusted income.



RENT ADJUSTMENTS

- . The basic rent is that payment required on the part of the occupant(s) of the dwelling for fully serviced accommodation supplied with heat, water, hot water, stove and refrigerator.
- . Where the client of the program must pay for any of the services identified as part of a fully serviced unit over and above their basic rent, such basic rent will be reduced by an amount which will take into account the client's additional expenses.
- . Where services other than those identified as part of a fully serviced unit are provided, the basic rent will be increased to reflect the full economic costs of providing such services.
- . There will be no rent maximum set unless specifically approved by CMHC.
- . For a fully serviced unit, no rent will be set lower than \$32 per month.
- . For an unserviced unit, no rent will be set lower than \$22 per month.

CLIENT INCOME FLUCTUATIONS

A client's rent will be set once a year and that rent will not be adjusted during the year for income increases. Rent reductions during the year will however be permitted in instances where a client household supplies documented evidence that its income has decreased to a level which would result in a rent reduction of \$10 per month or more.



INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- . this data is submitted by way of Notice of Commitment forms;
- . the Notice of Commitment forms shall contain the following generic data elements:
  - project location, codes and address;
  - proprietor details, type, name and address;
  - date of agreement and subsidy commencement dates;
  - unit description:
  - agreed rent and its components;
  - details pertaining to unit transfers;
  - delivery agent type;
  - account identification information;
  - matching contributions (Sections 15, 15.1, 34.18).

Client Data:

- . this data is provided once a year and pertains to clients receiving assistance in that year;
- . the data provided will pertain to:
  - type of owner (non-profit corporation, housing coop (with or without ILM), private landlord),
  - household composition,
  - household income and its source,
  - Native ancestry,
  - presence of special needs,
  - size and type of dwelling occupied,
  - rent paid,
  - previous dwelling conditions (only for households newly served during the year; may be obtained through sampling of client records).

Operating Data:

- . this data is provided once a year and contains the following generic data elements:
  - agreed market rents,
  - rents paid by clients,
  - repairs paid on clients' behalf,
  - subsidies paid,
  - arrears,
  - matching contributions (Sections 15, 15.1, 34.18).





The financial reporting requirements for budgeting and claims can be grouped by the following categories:

- For the Rent Supplement Program, all budgeting, claims and reporting will be segregated into the following activities unless otherwise indicated:

## A. BUDGET PREPARATION

A three-year financial plan is developed on an annual basis as part of the joint planning process. It identifies planned commitment levels, expenditure levels, and cash flow patterns over the planning period which includes the budget year and the following two years. Commitment activity is planned on a calendar basis whereas expenditure activity is planned on a 31 March fiscal year basis. Cash flow is presented on both a calendar and fiscal year basis for five years. Commitment, expenditure and cash flow estimates for the year preceding the budget year and the two years following the budget year are presented for planning, information and monitoring purposes only.

Budget limits for the budget year are established in Schedule B to the Operating Agreement.

Three-year plans will be established by activity for the following areas:

- ### 1. Commitments - Units

Schedules of units committed and units placed under subsidy will be used to derive the forecasts of budgetary expenditures.

Data on characteristics of the proposed units (agreed market rents, average RGI rent and proposed subsidy commencement dates) will be required to support the calculations of budgetary expenditures.

- ## 2. Budgetary Expenditures

For Rent Supplement, budgetary expenditures will be displayed by type of expenditure (agreed market rent, RGI rent, repair/redecoration costs, delivery and administration costs, and financing interest) in accordance with program guidelines.

3. Cash Flow Forecast - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for assistance under the Rent Supplement program will be reported in units. Unit redesignation upon unit transfer is not included in this summary report.

Commitments will be reported to CMHC by the Minister on a Notice of Commitment form, no later than five (5) working days after a commitment is made.

CMHC will acknowledge receipt of the Notice of Commitment.

D. CLAIMS

Claims for settlement between the parties will be submitted on a monthly basis within thirty days of the end of the month to which the transactions relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary expenditures; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed and units under subsidy.

The entire financial activity of the program shall be reported by the Minister, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Rent Supplement Program will include:

1. Continuity Schedule: Units Committed/Under Subsidy

This schedule is required to monitor the number of units that have been committed in the program, those that are receiving subsidies, and those that are committed but not yet receiving assistance ("outstanding commitments").

Information provided includes the number of units committed, cancelled, or placed under subsidy during the month, the number of units receiving subsidies during the month, the number of units revoked and redesignated, and the number of units withdrawn due to inability to redesignate.



## 2. Expenditures

A report of actual expenditures made or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform CMHC of its share of the expenditures.

The expenditures will be displayed by program activity and the following expenditure categories: net subsidy (including repair/redecoration costs), delivery and administration costs, and financing interest. Sufficient data will be provided to support the delivery and administration costs claimed. It is not necessary to provide detailed object of expenditure information in support of the amounts claimed monthly for delivery and administration costs.

The report will also disclose the respective share of the expenditures of each party and the amounts for which reimbursement is being requested by the Minister.

## E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from the Minister for the fiscal year ending 31 March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims for the fiscal year.

This statement and its supporting schedules will be accompanied by operating data at the project level as outlined in Appendix "2" (Information Requirements) of this Schedule and summarized by program activity. Project level operating data will be audited in accordance with program guidelines. Budgetary expenditures will be broken down by year of commitment in a supporting schedule. This schedule does not require audit and may be based upon reasonable estimates.

Audited information will be submitted no later than 30 September.

## ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment information as of the 31st day of December shall be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

Outstanding commitment information will be classified by year of commitment approval. This will include a detailed listing of projects committed and not yet receiving assistance.

This information is required to reconcile the detailed commitment files maintained by CMHC to those of the Minister.

Unaudited information must be submitted to CMHC not later than the 31st day of January.

## F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by the Minister by 30 April. This information will be certified by a senior financial officer of the Minister. Estimates of the accruals can be submitted at this time but will have to be adjusted to actuals when the final audited statement of expenditures is submitted.

